Weekly Economic Review

Consumer spending edges up

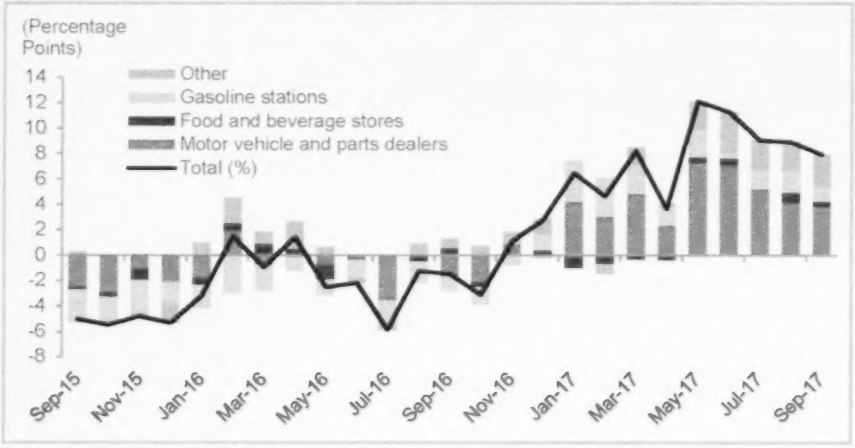
Retail Sales

Retail sales tick up

Retail sales in the province edged higher in September after moderating in the previous two months. Retail sales rose 0.3% month-over-month (m/m) to $6.7 billion. The monthly gain was led by higher sales at health and personal care stores as well as furniture and home furnishings stores. This more than made up for the drop in sales at gasoline stations. Overall, retail sales were up 7.6% from last year. The annual growth held steady as slower year-over-year (y/y) gains at motor vehicle and parts dealers and gasoline stations were offset by improving sales in other categories. In total, sales have broaden with ten of the eleven categories gaining ground in the past year (Chart 1).

Chart 1: Broad-based growth lifting retail sales

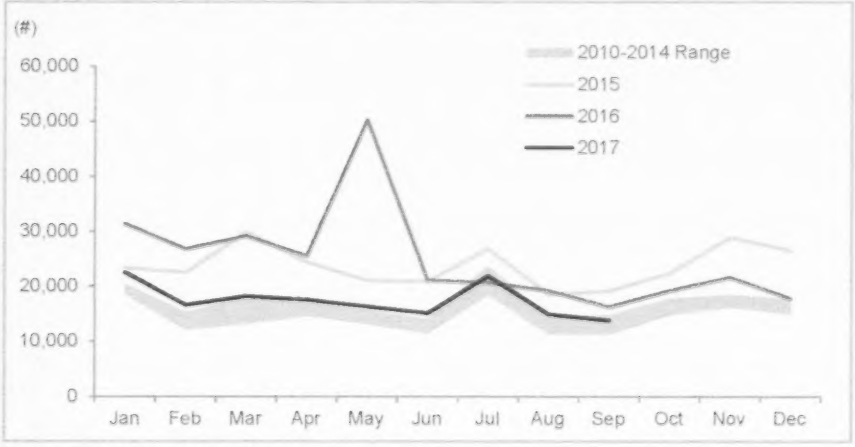
Contributions to year-over-year growth in Alberta retail sales (NSA)



Source: Statistics Canada

Chart 2: Number of initial claims return to normal

Non-seasonally adjusted initial EI claims



Source: Statistics Canada

Employment Insurance

Fewer claims filed

The number of Albertans filing for Employment Insurance (EI) and receiving regular benefits continues to decline. In September, the number of EI claims eased 1.7% m/m to 23,400 as initial claims receded to seasonally normal levels (Chart 2) and renewal claims fell to a 29-month low. On a year-over-year basis, EI claims have been declining since October 2016. Meanwhile, the number of EI beneficiaries fell 5.2% from the previous month and 35% from last year.

Wholesale Trade

Sales growth moderates

Gains in the wholesale trade sector are easing, following strong growth in the first half of the year. After a dip in the previous month, the value of wholesale trade in Alberta held steady (+0.6% m/m) in September. Four out of seven categories reported higher sales, led by machinery and farm products. However, these gains were checked by lower sales in food and beverage, personal and household goods, and miscellaneous products. Overall in the third quarter, the pace of sales growth slowed to 1.9% quarter-over-quarter (q/q), down from 5.7% q/q in the first quarter of 2017. Despite the slowdown, sales remain up by 9.8% year-to-date (YTD).

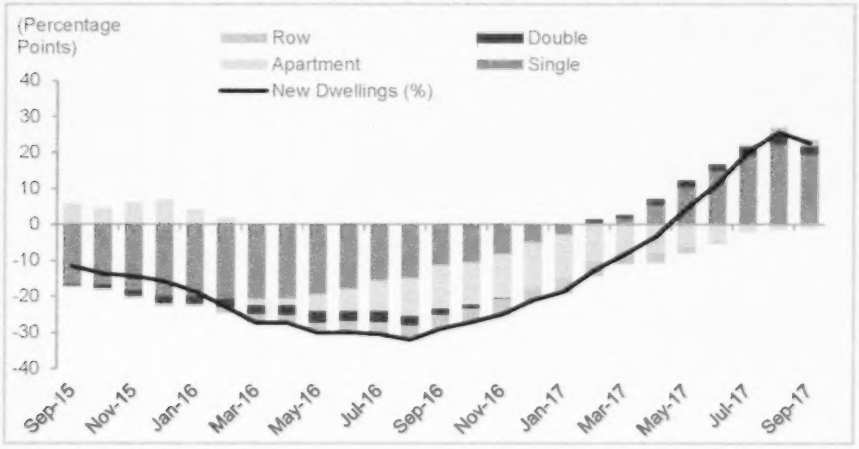
New Housing Investment

Residential construction investment grows

The recovery in new housing investment continues to strengthen. Investment in Alberta's new housing construction rose 3.3% m/m in September, with all categories experiencing gains. On a year-over-year basis, investment was up the 23%. Singles continue to be a source of strength (Chart 3), up 34.7% y/y, while investment in apartment construction remained slightly below the year-ago levels but has improved from the January 2017 low. Over the first nine months of the year, residential investment increased 4.1% over the same period of 2016.

Chart 3: Singles a source of strength in new housing construction

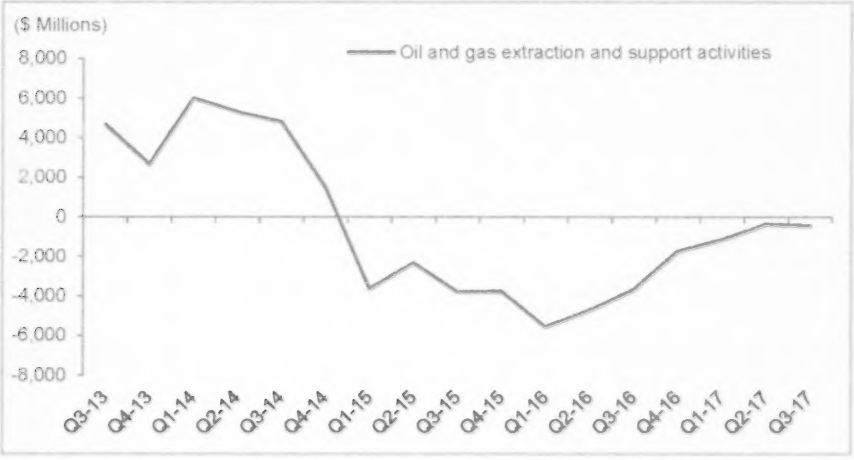
Contributions to year-over-year growth in nominal new housing investment



Source: Statistics Canada

Chart 4: Oil and gas smaller losses from a year ago

Operating profit (loss) in oil and gas extraction and support industry (SA)



Source: Statistics Canada

International Travel

Non-resident visitors ease

The number of direct visitations into Alberta pulled back in September after reaching a high in the previous month. The number of international tourists entering directly into Alberta decreased 3.7% m/m to 87,840 persons as both overseas and US visitors declined. Wildfires in the mountain parks may have kept people away as this was the largest September decline in the last ten years. It was also first year-over-year decline nearly two years as overseas visitors dropped 18% in the last twelve months more than offsetting the 8.1% increase in US visitors. Despite the decline, the tourism industry has had a solid year so far, with direct visits rising by 5.1% YTD.

Corporate Profits

Gaining traction in the third quarter

After holding steady in the previous quarter, corporate earnings improved in the third quarter. Canadian corporations earned $100.5 billion in operating profits, up $7.9 billion or 8.5% from the second quarter of 2017. The quarterly increase was mainly a result of a turnaround in finance and insurance industry (+20% q/q), which had been experiencing declines in profit since the beginning of the year. Earnings for non-financial industries continued to increase (+3.3% q/q), with the largest gain in manufacturing sector. Most of the increase in manufacturing was due to higher prices for petroleum and coal manufacturing. Meanwhile, the oil and gas sector continued to operate at a loss. These losses grew slightly in the third quarter due to the maintenance shutdowns in Newfoundland and Labrador. However, they have narrowed substantially from the high in the first quarter of 2016 (Chart 4).

Contact

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.